

Jemena Limited

Jemena Limited's response to the Energy White Paper - Issues Paper December 2013

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About Jemena:

Jemena is an \$8.5 billion company that owns and manages some of Australia's most significant gas and electricity assets. These include the Jemena gas distribution network servicing 1.1 million customers around NSW, the Eastern Gas Pipeline which delivers gas from Victoria's Gippsland basin to the ACT, Sydney and regional NSW, the Queensland Gas Pipeline which supplies Gladstone and Rockhampton, and our Victorian electricity network which delivers power to over 330,000 homes and businesses in north-west Melbourne. Jemena also part owns the ActewAGL electricity and gas distribution networks in the ACT as well as United Energy, which supplies electricity to over 600,000 customers across south-eastern Melbourne and the Mornington Peninsula.

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1. EXECUTIVE SUMMARY - TIME TO BED DOWN RECENT CHANGES AND RE-FOCUS ON STRATEGIC ENERGY POLICY REFORMS

1. Jemena commends the Department of Industry (**the Department**) for its focus on strategic energy sector challenges in the Energy White Paper – Issues Paper (**the Paper**). Jemena welcomes the Government's interest in strategic energy sector reform and in particular the future role of Government in the energy sector.
2. The Paper in our view correctly identifies that “Energy policy needs to underpin the day-to-day reliability, longer term security and the cost of energy in an efficient and competitive market”. Furthermore Jemena supports the Paper's observation that “Ongoing reforms are needed to address cost-of-living pressures and improve small, medium and large business competitiveness, ensure growth in energy exports and encourage investment.”
3. However the question is which reforms can deliver meaningful change? Jemena contends that it is time to stop tinkering around the edges of increasingly detailed regulation in the energy sector and refocus on strategic energy reforms that can deliver the best results for Australian energy consumers and the nation as a whole.
4. Back in the 1990's the vision of realising a fully deregulated, privatised National Electricity Market (**NEM**) was at the forefront of the energy reform agenda. While the NEM currently exists by name, there is much strategic work to do to follow through on the intent of the original vision.
5. While some recent positive signs have emerged in the form of the divestment of New South Wales (**NSW**) energy generation assets, the Federal Government has the opportunity to further reinvigorate this big picture national energy reform agenda as part of the Energy White Paper development process. As this submission shows, privatisation of the Victorian electricity networks has delivered benefits to consumers over the last two decades. Going forward there are significant opportunities to replicate this success in other jurisdictions.
6. As noted in the Paper, the energy network sector has recently been subject to a number of reviews, and respective policy makers are currently putting the finishing touches on comprehensive national network-related energy reforms. It is critical that these reforms are allowed to do their job intended over time, rather than for policy settings to be continually re-worked.
7. Network investments require long term regulatory certainty to keep funding costs and hence consumer charges down. Such certainty will be lost in the event of continued change to policy.
8. As network-related price rises are forecast to moderate over the next few years to align more closely with inflation¹ we need to return to a position where regulatory certainty is again highly valued. Higher level strategic energy reforms must be pursued now to drive efficiencies and deliver other benefits to meet consumer needs over the longer term.
9. Domestic gas supply and commodity pricing concerns continue to escalate, and show no sign of abating. Current policy settings are restricting access to new gas supplies rather than bringing them forward, while policy focus seems unduly weighted towards downstream activities. A shift in focus to bringing forward new gas supplies and considering further upstream measures are the areas for improvement which have the greatest potential to deliver material benefits for gas consumers, through reduced pressure on gas prices.
10. We also encourage Government to level the playing field to promote competition between fuels and fully harness productivity benefits that can arise from cost efficient energy supply. Many climate and energy efficiency policies are currently not technology neutral and this represents a barrier to achieving broader energy and economic productivity, including helping to more cost effectively achieve national emissions reduction targets.

¹ Australian Energy Market Commission, 2013 Residential Electricity Price Trends 13 December 2013

2. CONCENTRATE ON REALISING THE ORIGINAL NEM VISION TO MAXIMISE CONSUMER BENEFITS

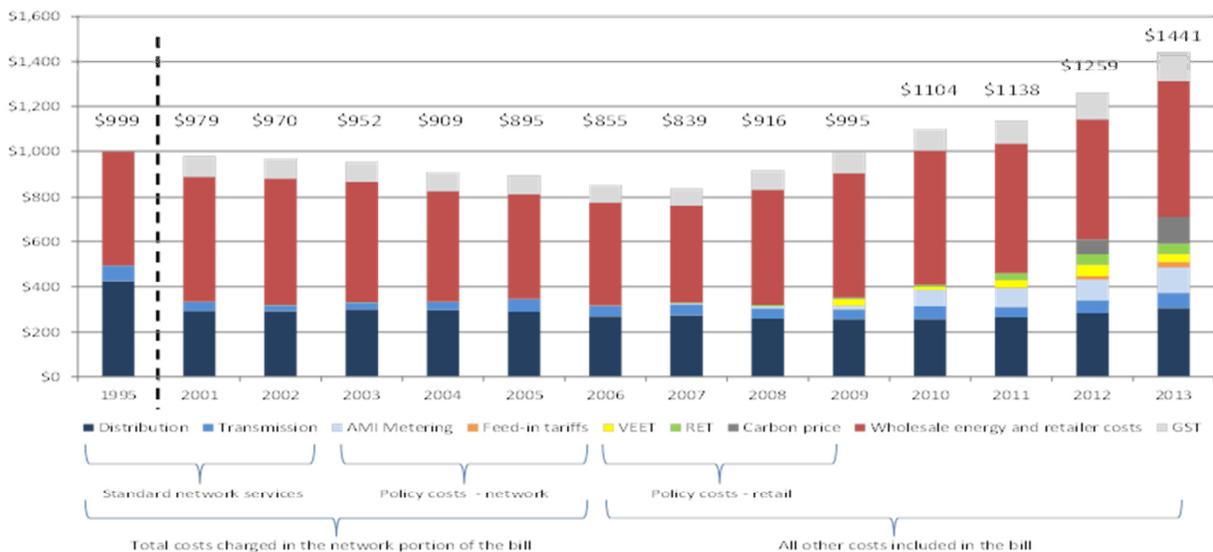
11. With the intensive focus on developing and implementing considerable rule changes in energy network regulation over the last few years, it is timely to take a step back and focus more strategically on how Australia's energy markets will best serve consumers into the future. Specifically, the primary electricity reform focus should be the completion of retail price deregulation and private ownership of energy assets across the NEM.
12. Victoria has led the charge in this regard, undertaking full retail price deregulation and privatisation of energy generators, networks and retailers, followed more gradually by South Australia, while NSW and Queensland have favoured regulation of retail energy prices and greater Government-ownership of energy assets.
13. Given Jemena's experience as an electricity network owner and operator in Victoria, this submission provides a unique insight into consumer benefits delivered over nearly two decades of private ownership, complemented by relatively stable economic regulatory settings.

2.1 FOSTERING THE PURSUIT OF EFFICIENT NETWORK INVESTMENT

14. The five Victorian electricity distribution businesses have operated under incentive regulation for well over a decade. The first regulatory control period (2001-2005) administered by the Office of the Regulator-General provided Victorian distributors with incentives to operate efficiently by introducing price cap regulation. The distributors have responded to the regulatory incentives accordingly, with electricity network services in Victoria now less expensive in real terms and more reliable than they were prior to the introduction of incentive regulation.
15. As the Victorian distributors approach their fourth round of regulatory price reviews, it is important to recognise that regulatory stability is critical to network businesses in their continued pursuit of efficiency. This is especially the case given the recent major changes to the operational environment (through the introduction of advanced metering) and recent wide-ranging changes to the National Electricity Rules— as both of these major changes have yet to be bedded down within the regulatory framework.
16. To promote efficiency in the long term interests of electricity consumers, current incentive mechanisms should be allowed time to function and to act upon the new operational circumstances of the networks, rather than being subject to continual change.
17. In particular, networks require the flexibility to implement economically efficient, cost-reflective pricing structures. The scope for such pricing structures has been demonstrated due to advanced metering infrastructure (**AMI**), and will be a key factor in ensuring that consumer benefits of AMI materialise.
18. Furthermore, stable regulatory settings are critical to ensure that debt costs are minimised (resulting in the assets operating efficiently and delivering better consumer outcomes) and that access to equity markets (e.g. attracting global investment in Australian network infrastructure) is not unnecessarily impeded.
19. It is extremely important for energy regulators to maintain a high evidence-based threshold for regulatory change, in particular to protect consumers against any adverse cost of debt and equity issues that can potentially arise from sudden increases in regulatory risk.

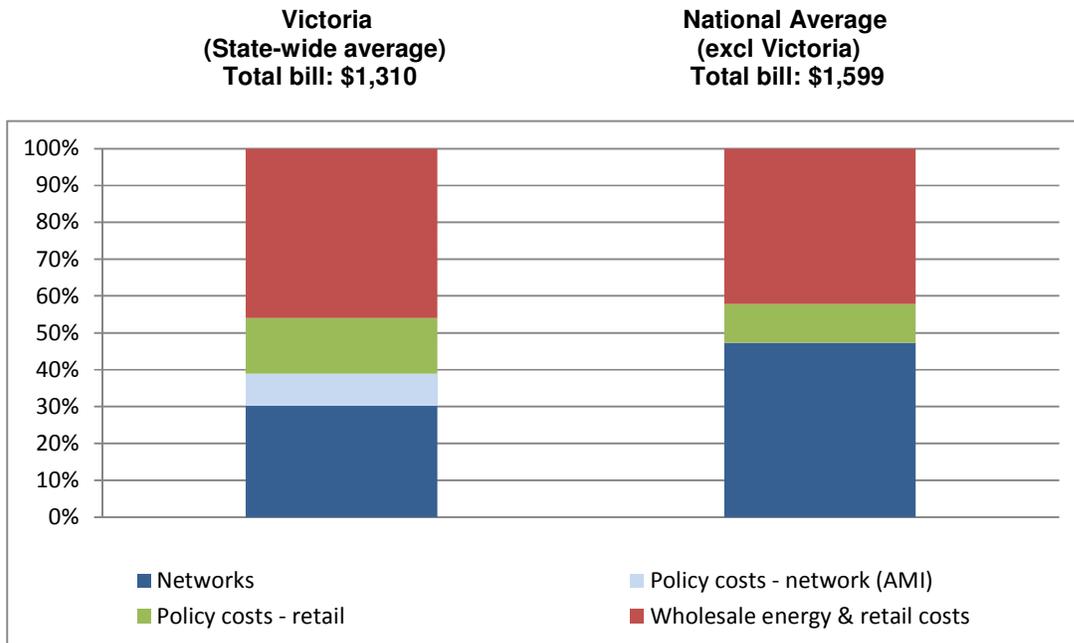
2.2 VICTORIA'S PRIVATISED ELECTRICITY BUSINESSES HAVE DELIVERED EFFICIENT NETWORK INVESTMENT

- 20. The performance of Victoria's electricity networks over the last two decades tells a compelling story of the consumer benefits that are achievable, when network economic regulatory frameworks are kept relatively stable over a sustained period and privately-owned network businesses are incentivised to pursue efficiencies.
- 21. Victorian distribution businesses recently commissioned research by specialist consultant Oakley Greenwood to quantify electricity price drivers in Victorian and other states. A key finding of this report is that Victorian standard network charges were on average \$122 lower, a 25% reduction, in real dollar terms in 2013 than when they were last in Government hands during the mid-1990's (see Figure 2-1). In fact, 2013 network-related charges are still lower in real terms after the significant network-related investment mandated by the Victorian Government's AMI rollout is included.
- 22. **Figure 2-1: Composition of the annual residential electricity bill in Victoria (4,000 kWh; without electric off-peak hot water), FY1995 and FY2001 to FY2013 (2013 dollars) (Source: Oakley Greenwood)**



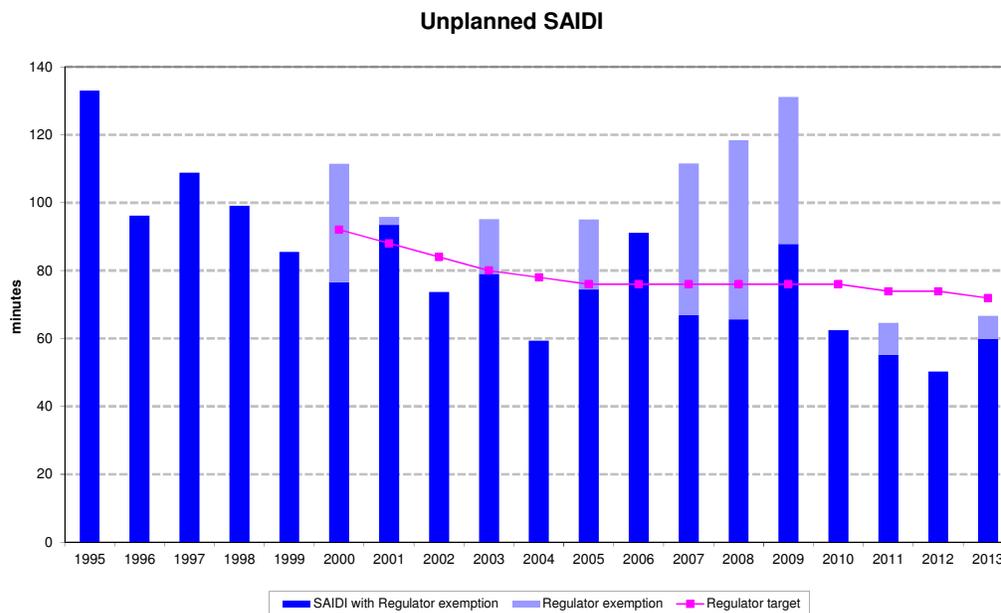
- 23. In Victoria, standard network charges are under a third of the average household electricity bill, compared to the national average which is closer to 50% (see Figure 2-2).

24. **Figure 2–2: Composition of the bill (exclusive of GST) of an average residential electricity consumer, NEM, financial year 2012/13 – Victoria vs other states comparison (Source: Oakley Greenwood)**



25. While keeping costs down in real terms, network reliability has also improved since the privatisation of the Victorian electricity distribution networks. For example, minutes off supply for the average Jemena Electricity Network (**JEN**) customer, has more than halved, reducing from over 120 minutes per year in 1996, to 60 minutes in 2013 (see Figure 2-3).

26. **Figure 2–3: System Average Interruption Duration Index (SAIDI) for JEN for the period 1995 - 2013**



27. Productivity Commission research has also highlighted the efficiency of private sector network businesses. The Commission's 2013 report into Electricity Network Regulation went as far to state "there are compelling grounds for privatisation of all electricity network businesses in the NEM". The report also found that the reliability of the Victorian networks (measured under SAIDI and the system average interruption frequency index) has consistently been lower than other states over the period 2001 – 2010. The Australian Competition and Consumer Commission and Infrastructure Australia also support further privatisation of energy networks throughout Australia.
28. Victorian reliability standards, unlike the standards adopted in NSW and Queensland, are outcome-focused driven by incentives rather than prescribing levels of network redundancy. In Victoria, it is clear that private distribution businesses have responded to these incentives by improving reliability, while also lowering standard network charges in real terms.
29. Jemena strongly welcomes the recent additional focus on greater engagement with customers, and, as with other distribution businesses, we will be actively engaging with customers regarding tariffs, reliability and other aspects of service to inform our upcoming 5-year revenue proposal and beyond.
30. With the AMI-rollout close to completion and new time-of-use pricing now available in Victoria, Jemena is confident that the existing rules relating to network tariff arrangements have the capability to efficiently meet market needs as they evolve. Whilst managing peak demand impacts and solar PV-related cross subsidies will continue to be a challenge (particularly in some states that had overly generous feed-in-tariffs), Jemena stresses that current tariff rules do not need to be changed to implement cost reflective tariffs.
31. As mentioned earlier, Jemena will be consulting with our customers regarding tariff design as part of the upcoming 5-year revenue proposal. With this in mind Jemena believes it is important to take time to understand consumer preferences before considering prescriptive changes to network regulations in this area.

3. FOCUS FUTURE GAS-RELATED REFORMS ON THE SOURCE

32. Addressing the considerable challenges regarding future gas pricing and supply to the east coast gas market is an equally high priority national issue that would benefit from a more strategic policy approach.
33. To date, national policy development activities have been unduly weighted towards the downstream sector, particularly the gas transmission sector. In our opinion, this is counter-intuitive, when the greater strategic priority should be investigating and addressing policy issues directly linked with the key source of current and future gas price rises, the upstream gas market.
34. Rising gas commodity prices are currently an east coast gas market issue, a result of large liquefied natural gas export projects that have enabled suppliers to increase domestic gas prices towards more expensive export prices. Gas industry experts and industry associations representing large gas users (e.g. Australian Industry Group) have projected or collected survey information to suggest gas commodity prices are now shifting from the historical \$2-3/GJ towards the order of \$8-9/GJ.
35. In contrast, Jemena's reference gas transmission tariff on the Eastern Gas Pipeline (EGP) to deliver gas to the Sydney market has only risen from \$0.97/GJ in 2004 to \$1.21/GJ in 2014. This represents an increase of 25% over a 10 year period, whereas the Consumer Price Index increase for the same period is 32%. This demonstrates that Jemena is already contributing to ensuring costs of energy and longer term pressures on the cost of living to consumers are being minimised.
36. Given Sydney domestic customers are paying a retail gas tariff of \$36/GJ, the 2014 EGP gas transmission tariff represents only approximately 3% of the bill². It is important to recognise that, rather than increase, future expansions of the EGP will reduce the average transportation costs of gas to customers.
37. Jemena is supportive of Federal and State Governments working together to comprehensively address issues that are restricting the development of new gas supplies and to restore confidence in the domestic gas market. A strong focus on upstream reforms provides the best chance of mitigating price pressures that are impacting and will continue to impact consumers.
38. Jemena also believes a new Gas Market Leaders Group with broad industry representation should be formed to advise SCER in relation to strategic gas-related reform priorities going forward. Such a Group will help ensure Government energy policy and ongoing reforms best achieve cost of living, energy reliability, competitiveness and efficiency objectives.

3.1 UNLOCKING NEW GAS SUPPLIES

39. Jemena considers that policy measures and industry leadership is needed to bring forward gas supplies and to moderate prices over the longer term. A range of measures need to be progressed, including:
 - removing unnecessary restrictions on gas supply development by working towards removing non-scientific based moratoriums and exclusion zones;
 - task a review on tenement administration and management, with the aim of strengthening sunset provisions on tenements; and
 - streamlining of environmental and other approval processes.

² IPART AGL Regulated offer and standing offer 2013/14 – Jemena Gas Networks

40. Jemena welcomes the recent progress that Federal and some State Governments have made towards establishing one-stop shops for environmental approvals. However, the increasing trend of State Governments placing moratoriums and other development restrictions on new forms of gas supply is the most material issue to be addressed.
41. In NSW the development of new coal seam gas projects are currently restricted by Government policy that supports a two-kilometre exclusion zone around residential zones and further exclusion zones. While in Victoria a moratorium is in place which prevents development of its unconventional gas supplies.
42. Applying moratoriums and exclusion zones is not consistent with the industry's safe processes and its strict regulations, nor is it in any way based upon the scientific evidence. It also adds to gas market uncertainty and contributes to additional pricing pressure at a time when gas commodity prices are already subject to significant upward pressure.
43. Governments, Federal and State, must redouble their efforts to help ensure all land uses are made available. In parallel, it is crucial that industry works together closely with local communities to ensure a strong social license for future gas supply developments is obtained.
44. The Eastern Australian Domestic Gas Market Study (the **Study**) recently highlighted concerns regarding the adequacy of gas tenement provisions. Jemena supports a review to determine if strengthened sunset provisions on gas tenements would assist more timely development of gas supplies. The Australian Pipeline Industry Association's Securing Australia's Gas Future report provides useful guidance regarding tenement-related reforms.

3.2 OTHER GAS POLICY MEASURES THAT REQUIRE FURTHER CONSIDERATION

45. Jemena cautions that the potential impacts from significant shift in the eastern Australian market demand for gas, from being 100% domestic in 2013, to being approximately 25% domestic by 2016 should not be underestimated³.
46. Gas is used widely throughout the Australian economy in the manufacturing, mining and electricity generation sectors, as well as for heating and cooking in approximately 4 million Australian homes and small businesses. Australia's large metal product (smelting and refining) and chemical manufacturers (fertilisers and plastics) are particularly reliant on gas as a source of heat and/or feedstock to produce their goods for highly competitive domestic and export markets. These businesses in particular are hurting and warn of significant job losses in the not too distant future if the effects of the tightness in the domestic gas market are not addressed.
47. Jemena notes that policy makers have recently posed the question of whether domestic gas reservation for the east coast market should be ruled out as a potential policy option. Jemena cautions against the limitation of policy options under the current circumstances, given the economic and social impact of significant upstream gas price rises could be substantial.
48. Jemena believes there is merit in investigating a range of options that may be required to address potential market failures or restore confidence in the domestic gas market under a range of future scenarios. In particular, investigating the feasibility of a temporary domestic gas acreage reservation policy for the east coast gas market under different scenarios is a worthwhile exercise. However, consideration of such a policy should apply only to future allocations of selected tenements and should not be retrospective, to avoid sovereign risk implications. In addition, this type of policy could be complemented by any strengthened sunset provisions identified in a review.

³ Australian Energy Market Operator, Gas Statement of Opportunities 2013

49. In Jemena's view, the Federal Government should also follow the lead of other gas exporting nations and play a stronger role in ensuring that Australia's national interest is taken into account by actively considering the balance between new gas export opportunities and the impacts on domestic markets. A national interest test, (e.g. a test applied by the Federal Government which assesses the suitability of an investment and its impacts on Australia and its population) should be considered for new gas export project approvals to take into account the potential impacts on domestic markets.
50. In the case of a severe short term domestic gas price spike, for example a spike that overshoots export-parity pricing, temporary targeted assistance could also be justified in order to help impacted businesses remain competitive. If required, this support should come from any otherwise absent windfall gains in royalties and taxes that Government would receive during a price spike.

3.3 GAS PIPELINES ARE NOT THE CONSTRAINT

51. Jemena can confidently say that the gas pipeline industry does not pose a constraint for getting gas supplies to market. Our business and the broader pipeline industry has a strong track record in delivering the pipeline infrastructure required to ensure sufficient gas can be transported to market when it is needed.
52. The Australian Energy Regulator's 2013 State of the Energy Market report confirms that over \$2 billion has been invested in constructing new transmission pipelines since 2001. This investment has enabled more gas supply and increased competition in the east coast gas market. A similar magnitude has also been invested in expanding the capacity of existing pipelines over this time. Jemena, either directly or via associated companies, has had experience in delivering almost \$2 billion worth of pipeline infrastructure in this period.
53. All of Jemena's pipeline infrastructure expansion has been successfully delivered using the contract carriage approach of large foundation customers underwriting new capacity projects. The success of this model is largely due to the lower cost of finance that the secure long term contracts enable, which in turn means better tariffs for all customers. We note that no customer or producer has made it known to Jemena that they have been constrained from receiving gas supply due to price of gas transmission services over the past ten years.
54. Jemena notes that the Study has recently proposed that a review be undertaken into the future suitability of the contract carriage approach and consideration of market carriage as an alternative.
55. Jemena supports the contract carriage approach as a proven model for delivering pipeline investment and is confident that it will continue to deliver the investment in new capacity required for the next phase of east coast gas market development.
56. It is important to consider that the market carriage model is a heavily regulated approach, with different allocations of risk. Given the model's limited application to Victoria, there is no detailed track record of the model facilitating efficient and timely delivery of new pipeline capacity investment. We therefore question the benefit which may result from the proposed review process at this time.
57. The Study also proposes a competition review into key areas that affect wholesale gas pricing. Jemena is not aware of any competition concerns regarding the downstream gas sector. The downstream sector is adequately covered in this regard by the National Gas Law and applications to extend regulatory coverage to particular transmission pipelines can be made if market participants have competition concerns.
58. Jemena believes any competition review should focus on issues that are likely to have the most material impact on future gas pricing.

3.4 INDUSTRY-LED MARKET TRANSPARENCY INITIATIVES MUST BE ENCOURAGED AND GIVEN TIME TO WORK TO MINIMISE REGULATORY BURDEN

59. A range of stakeholders have called for measures to improve the competitiveness, transparency and liquidity of downstream gas markets – such as pipeline capacity trading. Without careful consideration and analysis, this type of policy may impose a heavy regulatory burden, causing costs to flow to consumers with little benefit. Government must take a consultative approach to gas market design issues.
60. Jemena supports the industry-led trade facilitator model for secondary capacity gas trading as advocated by APA Group and the Australian Pipeline Industry Association. Jemena welcomes the Department's view of this as a promising initiative, as noted in the Study. Jemena is committed to implementing the trade facilitator approach to deliver transparent pipeline capacity trades on our Queensland Gas Pipeline in 2014. Jemena is also under active discussions with existing and potential market participants to assess the need for such a service on the Eastern Gas Pipeline.
61. We believe this approach will address market transparency needs more cost effectively and be more tailored to market participants' needs than current regulatory-led market development initiatives.

4. BOOSTING ENERGY PRODUCTIVITY BY PURSUING BROAD TECHNOLOGY NEUTRAL CLIMATE AND ENERGY POLICIES

62. Jemena is acutely aware, as identified in the Paper, that energy is an enabler of improved productivity and competitiveness within the Australian economy.
63. While the productivity spin-offs from private network ownership and more effective gas markets have been detailed earlier in this submission, another area for energy productivity focus is that of sub-optimally designed climate and energy efficiency policies.
64. There is a clear need to adjust downstream policy settings to level the playing field for gas-fired electricity generation and gas appliances, to help ensure efficient and competitive markets, promote least cost emissions reduction and to best minimise the cost of energy to consumers.

4.1 ENSURE THE RET IS A REAL 20% TO LIMIT THE PRODUCTIVITY BURDEN

65. From a broader energy productivity perspective it is important to understand that the Renewable Energy Target (**RET**) is not consistent with a technology-neutral, competitive approach to achieving least cost energy production and emission reduction. The RET has already contributed significantly to increased electricity prices, and if not reformed is expected to place continued upward pressure on prices in the future.
66. As has been well documented, a combination of reduced electricity demand and the fixed gigawatt hours target has meant that the level of subsidies directed towards large scale renewable energy generation are significantly greater than originally expected.
67. Jemena believes the current RET should be modified so that it is practically achievable and reflects the original policy intent of 20% of total electricity generated. Jemena supports a reduced RET target as it lowers the amount of subsidies that consumers inevitably pay for in the form of higher prices. Gas-fired generation and other technology options can deliver greenhouse emission reduction policy objectives at a lower cost. Jemena does not support abolishing the RET, as such a policy decision would without doubt introduce sovereign risk for current and future investors.

4.2 HARNESSING ENERGY PRODUCTIVITY BENEFITS AND LEAST COST EMISSION REDUCTION FROM SMALL-SCALE APPLIANCES

68. Jemena also advocates addressing the current anomalies in the RET's Small-scale Renewable Energy Scheme (**SRES**) that subsidise and encourage expensive solar and electric appliances rather than the allowing the full range of technologies to efficiently meet market needs.
69. The table below highlights the greenhouse efficiency of hot water system technologies, appliance and installation costs, and available SRES subsidies (small-scale technology certificates (**STCs**)) available in calculating the net cost to the customer. Figure 4-1 below shows that more costly, hence less productive outcomes for customers are being supported by STC subsidies.

70. **Figure 4-1: An example of water heating technology costs, SRES subsidies, including STCs and their efficiency comparative to an equivalent sized electric resistance water heater**

	Efficiency*	Appliance	Installation	Total cost	STCs	Net cost
Solar (gas boost)	95%	\$4,000	\$1,900	\$5,900	\$1,500	\$4,400
Solar (electric boost)	85%	\$3,800	\$1,500	\$5,300	\$1,300	\$4,000
Electric heat pump	70%	\$3,200	\$600	\$3,900	\$1,100	\$2,800
Gas (5 star instantaneous)	70%	\$1,400	\$800	\$2,200		\$2,200
Gas (5 Star storage)	65%	\$1,400	\$600	\$2,000		\$2,000
Electric resistance		\$1,200	\$500	\$1,700		\$1,700

Source: Building Codes Queensland, Review of Hot Water System Laws

*Defined as the reduction in greenhouse gas emissions compared with electric resistance hot water heaters

71. Jemena recommends that solar water heaters and heat pump water heaters currently eligible for SRES should be excluded. Alternatively, if these technologies continue to be subsidised via the SRES, the subsidy should be provided for all low carbon hot water heater technologies on the basis of their emissions intensity.
72. Jemena is supportive of white certificate schemes (**WCS**) as this policy mechanism, if designed correctly, can assist consumers to implement cost effective energy efficiency activities that help reduce their energy costs, increase energy productivity, and also achieve least cost emissions reduction.
73. We understand the NSW and Victorian Governments' are jointly investigating the harmonisation of their existing WCS policy measures, the NSW energy savings scheme and Victorian Energy Efficiency Target (**VEET**) policies. We believe that this harmonisation should be allowed to take its course before a national WCS is contemplated.
74. Jemena supports least cost Greenhouse Gas (**GHG**) abatement. We believe that the interpretation of energy efficiency should always incorporate the reduction in GHG emissions per unit activity. Using an energy consumed per unit metric does not optimise the carbon-related productivity improvements associated with an energy efficiency measure. Different sources of energy have significantly different GHG emission intensities, for example electricity grid derived energy compared to natural gas supply for appliances. As a result, energy efficiency incentives also need to account for carbon productivity to ensure the optimal return on expenditure is achieved.
75. Ensuring that electricity to natural gas fuel switching is addressed in the coverage and eligible activities of a WCS is an important consideration in this regard, and one that has already been carefully addressed in the Victorian Government's VEET scheme.
76. Jemena believes that the design of the Federal Government's Direct Action Plan must be technology neutral, so that gas-related projects and appliances are incentivised to compete to deliver least cost greenhouse emissions abatement, along with all other low carbon technologies.
77. While technology neutral principles can, and should, be applied to the design of the new Emissions Reduction Fund, it is clear that the proposed Million Solar Roofs program inherently 'picks winners'. Jemena does not support the establishment of the Million Solar Roofs program on the basis that its million solar photovoltaic (**PV**) homes target has already been reached in response to overly generous feed-in tariffs, and that the program does not promote least cost greenhouse emissions reduction. Jemena is also not supportive of including solar hot water heaters and/or heat pumps into the program as a substitute for solar PV, as this does not meet the principles of technology neutrality and least cost emissions reduction.

78. Jemena is also of the view that electric resistance hot water heaters should be phased out as previously committed to by COAG, in order to achieve cost effective emission reduction.

4.3 CNG DOMESTIC PASSENGER VEHICLES SHOULD NOT BE LEFT OUT OF THE PICTURE

79. Australian demand for transport fuel has risen progressively over the past 10 years. With the increase in demand has come an increasing reliance on imported liquid fuel. In order to address this trend, and to provide a more efficient, secure and lower emission transport sector, we believe the Government should consider development of a thorough and consistent alternative fuel policy framework.
80. Jemena is supportive of encouraging a range of emerging technologies to underpin energy productivity benefits and improve energy security for Australia in the future.
81. Jemena notes that the Paper only mentions the potential of Compressed Natural Gas (**CNG**) to be used in heavy vehicle transport. While we agree heavy transport is the logical first area for focus, we suggest that CNG may also be a viable alternative fuel for domestic passenger vehicles in the longer term.
82. Residential (home) refuelling of CNG vehicles has the potential to provide a convenient, safe, reliable economic source of clean energy and also promotes energy supply chain efficiency.
83. Jemena is currently assessing whether it may undertake refuelling research trials to support the development of the CNG domestic passenger vehicle market. We will keep Government informed of any progress.